

Message Text

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ORIGIN EA-14

INFO OCT-01 ADP-00 EB-11 COME-00 XMB-07 TRSE-00 SCEM-02

INT-08 CIAE-00 DODE-00 INR-10 NSAE-00 PA-03 RSC-01

USIA-15 PRS-01 L-03 H-03 SS-15 NSC-10 /104 R

DRAFTED BY EA/IMS:TJCHEAVNER:LGR

8-13-73 EXT 21236

APPROVED BY EA - HERMAN H. BARGER

EA/J - MR. HUBBARD

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R 132336Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 160373

E.O. 11652: GDS

TAGS: ENRG, BEXP, ETRN, JA, ID

SUBJECT: INDONESIAN LNG

REF: A) STATE 156067; B) STATE 154220; C) JAKARTA 9302;
D) TOKYO 9749.

1. PACIFIC LIGHTING (PL) REPRESENTATIVES EDESEL AND MCKINNEY CALLED ON DEPUTY ASSISTANT SECRETARY BARGER AUGUST 13 TO INFORM DEPT STATUS THEIR NEGOTIATIONS WITH GOI ON LNG. ACCORDING EDESEL, PL TEAM WILL LEAVE FOR INDONESIA FRIDAY, EXPECTS TO START TALKS AUGUST 24 AND EXECUTE CONTRACT AUGUST 27. HE SAID SUCCESS WILL APPARENTLY DEPEND BOTH ON PRICE AND ON ISSUE OF EARMARKING PART OF PRODUCTION FOR U.S. RATHER THAN PROVIDING ENTIRE OUTPUT TO JAPAN. (IN EARLIER PHONE CONVERSATION MCKINNEY SAID TEAM GOING TO INDONESIA RATHER THAN WAITING FOR IBNU SUTOWO VISIT TO WEST COAST NEXT MONTH BECAUSE OF PL CONCERN OVER REPORTS JAPANESE MIGHT MAKE DEAL TO TAKE ALL INDONESIAN LNG.)

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2. EDESEL SAID THAT DURING DISCUSSIONS LAST MONTH, PL

OFFERED PRICE OF 58 CENTS AND PERTAMINA REPS INDICATED THEY WANT 63. EDSSEL UNSURE WHAT JAPANESE HAVE OFFERED. AS REGARDS VOLUME, HE OBSERVED THAT IBNU SUTOWO IS CONFIDENT SUMATRA RESERVES IN ACEH WILL PRODUCE ONE BILLION BTU PER DAY RATHER THAN 750 MILLION PREVIOUSLY ESTIMATED.

3. MCKINNEY OBSERVED THAT THERE IS "LOT OF PRESSURE FROM MOBIL TO DO SOMETHING DIFFERENT", APPARENTLY MEANING MOBIL WOULD PREFER SELL GAS TO JAPAN.

4. BARGER INDICATED USG ANXIOUS BE HELPFUL AND ADVISED PL REPS TO TOUCH BASE WITH EMBASSY JAKARTA ON ARRIVAL. HE ALSO NOTED THAT PRICE LIKELY TO BE KEY ISSUE BECAUSE IBNU WOULD BE SUBJECT TO HEAVY INDONESIAN CRITICISM IF HE NEGOTIATED DEAL AT SIGNIFICANTLY LOWER PRICE THAN HE COULD GET FROM JAPANESE. WHILE IBNU PREDISPOSED SELL TO U.S. COMPANY, THERE ARE PROBABLY ONLY NARROW PRICE LIMITS WITHIN WHICH HE WOULD FEEL FREE TO THROW CONTRACT TO PL.

5. WE AGREE WITH REF C OBSERVATION THAT HIGHLY IMPORTANT U.S. INTERESTS IN ENERGY AND EXPORT OPPORTUNITIES ARE INVOLVED AND HOPE JAKARTA AND TOKYO CAN SHED FURTHER LIGHT ON GOI AND GOJ INTENTIONS ASAP. ROGERS

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